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BOATING AND FISHING

Administration of the Wallop-Breaux Trust Fund

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Resources, Community, and
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October 26, 1988

The Honorable Walter B. Jones, Chairman
The Honorable Robert W. Davis, Ranking Minority Member
Committee on Merchant Marine and Fisheries
House of Representatives

The Honorable Gerry E. Studds, Chairman
The Honorable Don Young, Ranking Minority Member
Subcommittee on Fisheries and Wildlife Conservation and the
Environment, Committee on Merchant Marine and Fisheries
House of Representatives

The Honorable Earl Hutto, Chairman
Subcommittee on Coast Guard and Navigation, Committee on
Merchant Marine and Fisheries
House of Representatives

This briefing report responds to your request that we analyze the Sport Fish Restoration and Boat Safety Accounts of the Aquatic Resources Trust Fund, commonly known as the Wallop-Breaux Trust Fund. For the Sport Fish Restoration Account, you were interested in (1) the reasons for its growth in revenues, (2) the accuracy of the Department of the Treasury's estimates and accounting for these revenues, and (3) states' spending of funds provided by this account. With respect to the Boat Safety Account, you asked us to analyze state and Coast Guard spending of funds for recreational boating safety programs. On April 28 and May 12, 1988, we testified on these issues before the Subcommittees on Coast Guard and Navigation and on Fisheries and Wildlife Conservation and the Environment.

The Wallop-Breaux Trust Fund was established in 1984 to combine and expand funding for sport fish restoration and boating safety programs. The fund receives revenues from federal excise taxes levied on sport fishing equipment and estimated motorboat fuel sales, and import duties on fishing equipment, pleasure boats and yachts. Three federal agencies are principally involved in administering Wallop-Breaux funding and spending. Each month, Treasury estimates the revenues expected and transfers that amount to the fund's Sport Fish Restoration and Boat Safety Accounts. It later adjusts these estimates on the basis of the actual

receipts. The Department of the Interior's Fish and Wildlife Service annually apportions Sport Fish Restoration Account funds to the states for projects to restore and manage freshwater and saltwater sport fishery. The Department of Transportation's Coast Guard annually allocates Boat Safety Account funds to the states for recreational boating safety programs.

In summary:

-- Between 1985 and 1988, Sport Fish Restoration Account revenues grew from $38 million to $163 million, or by $125 million.[1] This growth was $55 million more than expected and occurred primarily because of greater-than-expected growth in revenues from fishing equipment and motorboat fuel excise taxes. (See section 2.)

-- Treasury made errors in estimating and accounting for monthly revenues to be transferred to the Sport Fish Restoration Account. These errors produced wide discrepancies between preliminary and final 1986-88 apportionments to the states and affected state planning and budgeting. The errors occurred largely because of (1) inexperience in estimating excise taxes and import duties on fishing equipment, (2) mistakes in reporting revenues, and (3) insufficient reports on monthly collections of import duties. In addition, we found that Treasury did not transfer about $14 million of 1985-87 import duty revenues to the account. (See section 2.)

-- The Fish and Wildlife Service experienced difficulties in promptly apportioning Sport Fish Restoration Account funds to the states and in accurately calculating the share of apportionments to be equitably allocated between freshwater and saltwater projects for each coastal state. The Service followed a complex procedure to calculate these shares. (See section 2.)

-- With respect to state spending of Sport Fish Restoration Account funds, information from six states shows that these funds are being used to continue and expand many projects started before the trust fund was established, as well as to initiate some new research and fishery development activities. In addition, states are meeting

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[1]Unless otherwise stated, the years cited in this report are federal fiscal years, and amounts used are rounded to the nearest million dollars.

or exceeding the 10-percent spending mandate for improving public access sites for boating in a number of ways, including construction of marinas. The Fish and Wildlife Service had little available information on how states overall were annually spending funding. (See section 3.)

-- Most states are spending Boat Safety Account funds primarily to acquire and upgrade law enforcement equipment, according to our analysis of state responses to a Coast Guard questionnaire, as well as direct contacts with six states. The Coast Guard has used its allocated funding to offset a portion of its total cost of services to recreational boaters. Coast Guard oversight of state spending is limited to ministerial tasks, and the Coast Guard does not have sufficient data on state spending to determine how those funds have improved boating safety. (See section 4.)

ACTIONS TO ADDRESS PROBLEMS

Treasury officials are taking actions to improve the accuracy of its estimating and accounting of Sport Fish Restoration Account revenues. For example, they have prepared written standard operating procedures for recording and accounting for trust fund revenues. Further, they plan to transfer the $14 million in 1985-87 import duty revenues we estimated were not previously transferred to the account.

In addition, the Fish and Wildlife Service's state apportionment process should improve because of recent congressional action. Specifically, on the basis of an option we presented in our May testimony, Public Law 100-448 was enacted on September 28, 1988, amending the Sport Fish Restoration Act to require the Service to simplify the way apportionments are allocated between freshwater and saltwater projects for coastal states. These and other actions are described in detail in section 2.

Lastly, both we and the House Committee on Merchant Marine and Fisheries have suggested ways for the Coast Guard to improve its oversight and evaluation of state expenditures of Boat Safety Account funds. In an earlier report,[2] we recommended that the Coast Guard make more productive use of existing information sources in getting more meaningful and

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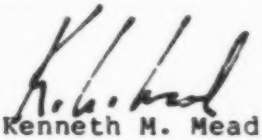
[2]Department of Transportation: Enhancing Policy and Program Effectiveness Through Improved Management (GAO/RCED-87-3S, July 1987).

useful data on state spending. The Coast Guard has not acted on our recommendation, stating that staffing limitations hinder it from performing in-depth evaluations. To address the problem, the House Committee on Merchant Marine and Fisheries, in its July 1988 report on boating safety program authorizations, encouraged the Coast Guard to use available administrative funds to hire additional staff to administer and evaluate state spending. With this additional staff, we believe that our earlier recommendation could be implemented. Additional information on this recommendation can be found in section 4.

SCOPE AND METHODOLOGY

We obtained information for this briefing report from Treasury, the Fish and Wildlife Service, and the Coast Guard. As agreed with committee staff, we also contacted state fish and wildlife and boating safety officials in six states: California, Maryland, Minnesota, Nebraska, New York, and Virginia. The activities in these states may not be representative of activities in all participating states. To obtain further information on how states spent Boat Safety Account funds, we also analyzed state responses to a questionnaire sponsored by the Coast Guard and the National Association of State Boating Law Administrators. We discussed the results of our review with Coast Guard, Fish and Wildlife Service, and Treasury officials, and they generally agreed with the facts presented. Their comments have been incorporated where appropriate. At your request, however, we did not obtain official agency comments on this report.

We are sending copies of this briefing report to the Secretaries of Interior, Transportation, and Treasury; the Commandant, U.S. Coast Guard; and other interested parties. We will also make copies available to others upon request. If you have further questions, please contact me at (202) 275-1000. Major contributors to this briefing report are listed in appendix I.



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ABBREVIATIONS

FW	Freshwater
FWS	Fish and Wildlife Service
IRS	Internal Revenue Service
SW	Saltwater

SECTION 1

INTRODUCTION

BACKGROUND

The Aquatic Resources Trust Fund, more popularly known as the Wallop-Breaux Trust Fund, was established under the Deficit Reduction Act of 1984 (P.L. 98-369) to combine and expand funding for sport fish restoration and boating safety programs.[1] The fund consists of two accounts, each with its own earmarked revenue sources. The Boat Safety Account annually receives revenues from the first $45 million of gasoline excise taxes attributable to estimated motorboat fuel sales and provides funds for state recreational boat safety education, law enforcement equipment, and facility improvement projects. The Sport Fish Restoration Account provides funds for state projects to restore and manage freshwater and marine sport fish species. This account receives revenues equivalent to (1) receipts from federal excise taxes levied on sport fishing equipment and import duties on sport fishing equipment, pleasure boats, and yachts and (2) federal excise taxes from gasoline used in motorboats in excess of the amounts transferred to the Boat Safety Account.

Sport Fish Restoration Account revenues are permanently appropriated, and the Department of the Interior's Fish and Wildlife Service (FWS) apportions these funds to the states in the year following collection. Boat Safety Account funds are allocated to the states by the Department of Transportation's Coast Guard and are subject to annual appropriations. By law, the Department of the Treasury is required to estimate monthly the amount of excise tax and import duty receipts to be transferred to each account and to adjust account balances on the basis of Internal Revenue Service (IRS) and U.S. Customs Service reports of actual collections. Treasury also invests trust fund revenues, and interest earned by such investments is credited to each account.

Treasury's monthly estimates of revenues are important to determining Sport Fish Restoration Account apportionments to the states. FWS uses these estimates to give states preliminary apportionments for the following year. Once Treasury notifies FWS of adjustments made for the year based on actual receipts, FWS provides states with a final apportionment.

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[1]Prior to the trust fund, sport fish restoration was funded under the Federal Aid in Sport Fish Restoration Act by appropriations equivalent to federal excise taxes on specific sport fishing equipment. Funding for boating safety was provided through the National Recreational Boating Safety and Facilities Improvement Fund through the transfer of excise taxes attributable to motorboat fuels.

States have wide latitude in selecting sport fish restoration, management, or enhancement projects to be funded, but they must provide 25 percent of all project funding and obligate funding within 2 years. Each state is also required to spend at least 10 percent of its funds on improving public access sites for boating and may spend up to 10 percent for aquatic resource education programs. In addition, coastal states must allocate a portion of their funding between freshwater and saltwater projects. FWS calculates the share of funding to be allocated between these projects.

Boat Safety Account funds are allocated to the states in the year appropriated, with up to two-thirds of these funds, or $30 million of the $45 million limit in the account, available to the states for recreational boat safety programs, while one-third, or about $15 million, is available annually to the Coast Guard for program expenses. States can use these funds for a number of purposes, including acquiring facilities, equipment, and supplies for boating safety education and law enforcement, and acquiring, constructing, or repairing public access sites. States must, however, match federal funding dollar-for-dollar and obligate funding within 3 years. Additionally, the Coast Guard is authorized to retain 1 to 2 percent of the amount appropriated for state programs to pay for program administrative costs.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Chairmen and Ranking Minority Members of the House Committee on Merchant Marine and Fisheries and the Subcommittee on Fisheries and Wildlife Conservation and the Environment and the Chairman of the Subcommittee on Coast Guard and Navigation, House Committee on Merchant Marine and Fisheries, requested us to analyze the Sport Fish Restoration and Boat Safety Accounts of the Wallop-Breaux Trust Fund. The requesters asked us to examine (1) the reasons for the growth in Sport Fish Restoration Account revenues, (2) the accuracy of Treasury's estimates of and accounting for those revenues, and (3) how the states have spent Sport Fish Restoration Account funds. For the Boat Safey Account, they asked us to analyze how the Coast Guard and selected states have spent funds from that account.

We interviewed and obtained information from officials at the Coast Guard, FWS, IRS, Treasury, and Customs in Washington, D.C., and at the U.S. Customs Service Finance Center in Indianapolis, Indiana. We also contacted state fish and wildlife and boat safety officials in six states--California, Maryland, Minnesota, Nebraska, New York, and Virginia. We selected these states, as agreed with committee staff, because they represent a range of geographic locations, program sizes, and other factors. However, activities in these states may not be representative of activities in all participating states. In addition, we contacted FWS regional

offices in Boston, Denver, Minneapolis/St. Paul, and Portland that oversee activities in the six states.

To obtain further information on how states spend Boat Safety Account funds, we independently analyzed 51 state responses to a 1987 questionnaire on the use and effectiveness of federal assistance for state boating safety programs. The questionnaire was sponsored by the Coast Guard and the National Association of State Boating Law Administrators. The questionnaire was sent to 54 of 55 states (including U.S. territories) eligible to receive grant funds for boating safety.[2] Three states did not respond to the questionnaire.

To obtain additional views on the Sport Fish Restoration and Boat Safety programs, we spoke with officials from the American Fishing Tackle Manufacturers Association, American League of Anglers and Boaters, Boat Owners Association of the United States, International Association of Fish and Wildlife Agencies, National Association of State Boating Law Administrators, National Marine Manufacturers Association, and Sport Fishing Institute.

We testified on the Boat Safety and Sport Fish Restoration Accounts before the House Subcommittees on Coast Guard and Navigation and on Fisheries and Wildlife Conservation and the Environment on April 28 and May 12, 1988, respectively.[3]

We conducted our review between September 1987 and June 1988, in accordance with generally accepted government auditing standards. We discussed the results of our work with Coast Guard, FWS, and Treasury officials, and they generally agreed with the facts presented. We have incorporated their comments, where appropriate. At the Committees' request, however, we did not obtain official agency comments on the report.

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[2]In this report, we refer to the 50 states, the District of Columbia, and U.S. territories as "states." The Coast Guard did not send Guam a questionnaire because it had not applied for any Boat Safety Account funds.

[3]Wallop-Breaux Trust Fund (GAO/T-RCED-88-38, April 28, 1988). Sport Fish Restoration Account (GAO/T-RCED-88-42, May 12, 1988).

SECTION 2

GROWTH AND ADMINISTRATION OF THE SPORT FISH RESTORATION ACCOUNT

During the first 3 years of Wallop-Breaux Trust Fund operations, revenues for the Sport Fish Restoration Account grew considerably faster than anticipated. Between 1985 and 1988, account revenues grew by about $125 million, from $38 million to $163 million. This growth was $55 million more than expected, and occurred because of faster-than-expected growth in fishing equipment and motorboat fuel excise taxes.[1]

Further, Treasury made errors in estimating and accounting for monthly revenues to be transferred to the account because of (1) inexperience in estimating these sources of revenue, (2) mistakes in reporting revenues, and (3) lack of regular reports on monthly collections of import duties. These errors affected apportionments to the states and state planning and budgeting. Treasury has made adjustments for these errors, and officials say changes are being made to improve estimating and accounting of monthly revenues.

In addition, FWS experienced problems in notifying states of their apportionments on a timely basis. Delays in notification of apportionments also affected state planning and budgeting. In calculating apportionments to coastal states, FWS followed a complicated and inexact procedure for calculating the share of apportionments to be allocated between freshwater and saltwater projects. FWS has taken steps to accelerate apportionments, and legislative changes require FWS to simplify the allocation of apportionments between freshwater and saltwater projects for coastal states.

GROWTH OF SPORT FISH RESTORATION ACCOUNT REVENUES

Between 1985-88, Sport Fish Restoration Account revenues grew by about $125 million, or $55 million more than Treasury expected. When the Wallop-Breaux Trust Fund was established in 1985, Sport Fish Restoration Account revenues were $38 million.[2] Treasury

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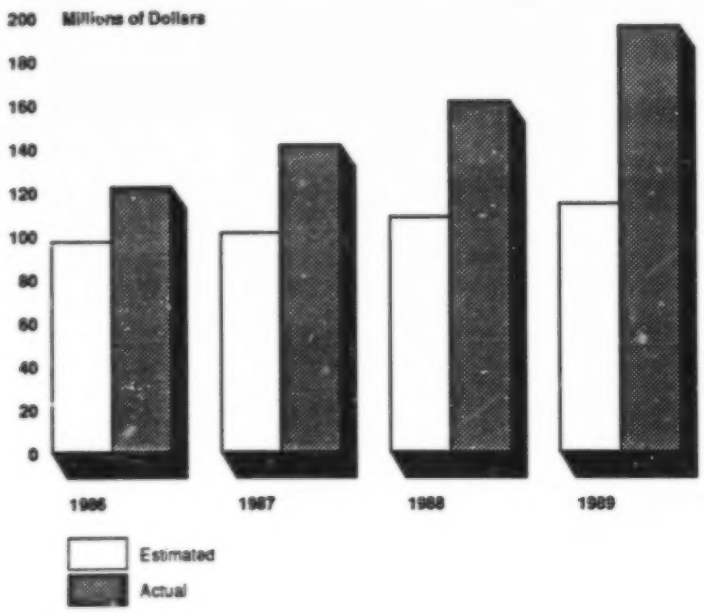
[1]Unless otherwise stated, the years cited in this report are federal fiscal years and amounts used are rounded to the nearest million dollars.

[2]These figures and other figures associated with Sport Fish Restoration Account revenues cited in this report represent prior year collections of revenues available for apportionment to the states in the following year. For example, $38 million of revenues in the Sport Fish Restoration Account in 1985 were tax collections deposited in the U.S. Treasury during 1984.

initially projected that account revenues available for apportionment to the states would increase to $108 million in 1988 and $114 million in 1989. Actual revenues, including interest earnings, have been much greater: $163 million in 1988 and a projected $195 million in 1989. (See fig. 2.1.)

Figure 2.1: Growth of Sport Fish Restoration Account, 1986-89



Note: The 1989 actual figure is a Treasury projection.

Source: Department of the Treasury.

The increase in account revenues was primarily the result of greater-than-expected growth of revenues from fishing equipment and motorboat fuel excise taxes. The 1985 Wallop-Breaux amendments expanded the list of fishing equipment items subject to the 10-percent excise tax and imposed a new tax on electric outboard motors and sonar fishfinders. Table 2.1 shows that fishing equipment excise taxes were one of the largest sources of revenue. Fishing equipment tax revenues grew from $38 million in 1985 (before the trust fund was established) to $73 million in 1988.

Table 2.1: Growth in the Sport Fish Restoration Account, 1985-88

	1985	1986	1987	1988
Excise taxes				
Fishing equipment	$ 38,086	$ 43,842	$ 62,534	$ 73,194
Motors and fishfinders	0	1,600	1,795	2,138
Motorboat fuel	0	50,352	31,815	53,162
Import duties	0	22,495	31,294	20,388
Interest	0	3,878	13,578	14,578
Total	$ 38,086	$122,167	$141,016	$163,460

Source: Federal Aid Division, FWS and Funds Accounting Branch, Treasury.

Revenues from motorboat fuel excise taxes have also grown more than anticipated. Treasury is required to determine what proportion of gasoline excise tax revenues is used by motorboats and allocate that amount between the Boat Safety and Sport Fish Restoration Accounts. When the trust fund was established, Treasury projected that motorboat fuel revenues for 1985 through 1987 would be $65 million a year. At these levels, the first $45 million, or about two-thirds of the total amount, was expected to go to the Boat Safety Account, as required, and the remaining $20 million, or one-third, to the Sport Fish Restoration Account.

However, actual transfers of motorboat fuel revenues to the Boat Safety Account in 1985 and 1986 were less than the full $45 million each year. In those years, the Boat Safety Account contained unobligated funds from previous years, and by law, no revenues could be transferred into the account if the transfer resulted in increasing the account's balance to more than $45 million. Transfers to the account in 1985 and 1986 were limited to $15.5 and $37.5 million, respectively. As a result, the Sport Fish Restoration Account received additional funding that it would not have received had the full $45 million been transferred. Table 2.2 shows the allocation of motorboat fuel tax revenues between the Boat Safety and Sport Fish Restoration Accounts for 1985-87.

Table 2.2: Allocation of Motorboat Fuel Taxes To Aquatic Resources Trust Fund (in millions)

	1985	1986	1987	Total
Total revenues from motorboat fuel taxes	$65.9	$69.3	$98.2	$233.4
Replenishment of Boat Safety Account to $45 million	15.5	37.5	45.0	98.0
Excess revenues transferred to the Sport Fish Restoration Account[a]	50.4	31.8	53.2	135.4

[a]These revenues become available to the Sport Fish Restoration account in the year following collection.

In addition, total 1987 revenues from motorboat fuel taxes available to the trust fund increased to $98 million as a result of Treasury's change in its methodology for estimating motorboat fuel consumption. The increase in motorboat revenues, in turn, increased the amount of revenues available to the Sport Fish Restoration Account. With the Boat Safety Account receiving the first $45 million, the Sport Fish Restoration Account received $53 million, or 54 percent of the total. In January 1988, Treasury projected that total motorboat fuel tax receipts will grow to $124 million in 1992.

We reviewed Treasury's methodology for allocating motorboat fuel excise taxes to the trust fund in an earlier report.[3] We concluded that more precise data on national motorboat fuel consumption are necessary for more reliable estimates and allocation of gasoline tax revenues to the trust fund, but that it is uncertain whether obtaining such information through a national survey would change the current allocation. On September 28, 1988, Public Law 100-448 was enacted that requires the Departments of the Interior and Transportation to jointly conduct a survey of fuel use by recreational vessels. The ceiling for the Boat Safety Account was also raised to $60 million for 1989 and 1990 and $70 million

[3]Tax Policy: Allocating Motorboat Fuel Excise Taxes to the Aquatic Resources Trust Fund (GAO/GGD-87-43BR, June 9, 1987).

for each subsequent fiscal year with revenues in excess of these amounts still going to the Sport Fish Restoration Account.

ESTIMATING AND ACCOUNTING OF SPORT FISH RESTORATION ACCOUNT REVENUES

By law, Treasury is required to estimate monthly excise tax and import duty receipts for the trust fund and later adjust these estimates on the basis of actual collections. On the basis of Treasury's monthly estimates of revenues collected and transferred to the Sport Fish Restoration Account during the fiscal year, FWS provides states with preliminary apportionments for the following fiscal year to assist states with their early planning efforts. Once Treasury reports adjustments made for the year on the basis of actual receipts, FWS makes a final apportionment to the states.

Consequently, Treasury's monthly estimates are important to state planning and budgeting, and it is important that they are reasonably close to actual collections, are properly accounted for, and adjusted correctly. Several Treasury offices are involved in estimating and accounting for these revenues, including IRS and Customs. Treasury initially estimates monthly excise tax and import duty receipts to be transferred into the account. This is done before IRS and Customs reports of actual excise tax and import duty receipts are available. When actual collection data are available, adjustments are made to reflect actual receipts.

For each trust fund, Treasury also normally reaches an interagency operating agreement that establishes accounting and internal control procedures for estimating and transferring revenues. These agreements regularize procedures and establish agency responsibilities in estimating and accounting for revenues.

Treasury made several errors in estimating and accounting for monthly account revenues because of inexperience in estimating fishing equipment excise taxes and import duties and recording mistakes in reporting revenues. Initially, Treasury underestimated the extent to which fishing equipment excise taxes would grow as a result of the Wallop-Breaux expansion of excise taxes to additional fishing equipment items, particularly the seasonal trends in sales of such items. For example, Treasury estimated that excise tax collections on fishing equipment for the January-March quarter of 1985 would be $10 million, but IRS later reported that actual collections were $27 million. Similarly, for the January-March 1986 quarter, Treasury estimated $11 million, compared with actual IRS collections of $22 million.

In addition, Treasury did not conclude an interagency operating agreement with Customs to regularly obtain Customs data on estimated monthly collections of import duties for fishing quipment and pleasure boats. Without these reports, Treasury

overestimated monthly revenues from import duties. Treasury also made errors in accounting for and reporting monthly import duty transfers and adjustments. For example, in 1985 and 1986, Treasury deducted $28 million from the trust fund balance to adjust for overestimates of these revenues. Treasury needed to deduct $14 million from the import duty balance for 1 month, but mistakenly deducted that amount instead from the fishing equipment revenue balance. Treasury later corrected this error.

We also found that Treasury has not been accounting for or transferring import duty revenues for all eligible tariff items under pleasure boats and yachts to the trust fund. By law, all import duties imposed on fishing tackle, yachts, and pleasure craft under the U.S. tariff schedules must be credited to the Sport Fish Restoration Account. We found that Treasury has not accounted for or transferred to the account revenues from 9 of 25 tariff items under the part of the tariff schedule pertaining to yachts and pleasure craft. We estimate that cumulative 1985-87 revenues from these items not transferred to the account are about $14 million. We brought this to the attention of Treasury's legal counsel, who agreed that revenues from these nine accounts should be transferred to the Sport Fish Restoration Account.

IMPACT OF ESTIMATING AND ACCOUNTING ERRORS ON STATE APPORTIONMENTS

Fluctuations in monthly Sport Fish Restoration Account revenues because of Treasury's estimating and reporting errors, and the large adjustments required to correct the errors, produced a distorted picture of amounts to be apportioned to the states and raised concern about the reliability of revenue projections. For example, on the basis of Treasury's August estimate of cumulative monthly revenue receipts for the account in 1986, FWS reported that the preliminary 1987 apportionment to the states would be $110 million. Fiscal year-end figures adjusted for actual collections, however, showed the final apportionment to be $140 million. A wide discrepancy between preliminary and final apportionments was also evident for 1988, with the preliminary apportionment estimated to be $109 million, while the final apportionment was $156 million.

State officials told us if final apportionments increase significantly from preliminary FWS estimates, they must seek approval to increase state funding to ensure that enough state matching funds are acquired in the state budget process. Additionally, state officials told us that they had to delay spending funds on projects because they were not prepared for the substantial increase in apportionments.

Treasury officials told us that they are taking actions to improve estimating and accounting of Sport Fish Restoration Account revenues. They acknowledged that tighter internal controls are

necessary, and they have prepared written standard operating procedures for correctly recording and accounting of trust fund revenues.[4] In addition, they are developing new operating agreements with Treasury offices and other agencies on procedures for estimating and accounting of revenues, including obtaining Customs reports of monthly collections for all import duty revenues from fishing equipment and pleasure boats. Treasury is also making an adjustment to transfer 1985 through 1987 import duty revenues for those yachts and pleasure craft tariff items not previously accounted for, and will ensure that duties for these items will be transferred to the account in the future. They believe these steps, plus additional experience in estimating Sport Fish Restoration Account Revenues, should yield improvements and help FWS make better apportionments to the states.

FWS APPORTIONMENTS OF SPORT FISH RESTORATION ACCOUNT FUNDING

States are also concerned over the timeliness of FWS' final apportionments. FWS established a target date of January 31 for notifying states of their final apportionments. However, final 1986 and 1987 apportionments were not provided to the states until March 16, 1986, and April 3, 1987, respectively. According to state officials we spoke with, the lateness and uncertainty of apportionments affected state planning and budgeting because some state governments begin their fiscal year much earlier than the federal fiscal year and must therefore begin to prepare their sport fish restoration program budgets and plans early in the year. For example, late apportionments particularly affected New York's program because its state fiscal year runs from April 1 to March 30, and state budgets have to be completed by January of each year.

FWS officials told us that notification of apportionments to the states was delayed because of (1) breakdowns in internal controls, (2) delays in reaching decisions on FWS' administrative expenses and funding needs, and (3) questioning of Treasury's accuracy in estimating and reporting revenue collections. For example, apportionments had to go through a time-consuming "surname" process by which approval must be obtained from several different Interior offices and divisions before notification to the states. The process of getting all the necessary signatures for the 1987 apportionment took about 2 months.

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[4]Internal controls that federal agencies are required to follow are set forth in GAO's Standards For Internal Controls in the Federal Government, published in 1983 pursuant to the Federal Manager's Financial Integrity Act of 1982.

Although FWS had developed new internal procedures to expedite the approval of 1988 state apportionments, states were not notified of their 1988 apportionments until March 15, 1988. FWS told us that the expedited approval process worked as planned, but notification was held up because of (1) Treasury delays in providing fiscal year-end revenues on all trust funds for 1988 and (2) FWS review and approval of new procedures for calculating apportionments to the coastal states. Table 2.3 shows 1986-88 Sport Fish Restoration Account apportionments to the states.

Table 2.3: Sport Fish Restoration Apportionments, 1986-88

State	1986	1987	1988	Total
Alabama	$ 1,884,620	$ 2,336,798	$ 2,619,150	$ 6,840,568
Alaska	5,497,965	7,005,035	7,785,000	20,288,000
Arizona	2,337,773	3,050,509	3,393,651	8,781,933
Arkansas	1,869,512	2,356,314	2,752,735	6,978,561
California	5,497,965	7,005,035	7,785,000	20,288,000
Colorado	2,690,494	3,463,129	3,892,745	10,046,368
Connecticut	1,099,593	1,401,007	1,557,000	4,057,600
Delaware	1,099,593	1,401,007	1,557,000	4,057,600
Florida	2,416,707	3,126,823	3,497,231	9,040,761
Georgia	2,228,012	2,824,489	3,147,865	8,200,366
Hawaii	1,099,593	1,401,007	1,557,000	4,057,600
Idaho	1,863,348	2,438,294	2,632,846	6,934,488
Illinois	2,422,951	3,175,956	3,285,292	8,884,199
Indiana	1,906,585	2,232,492	2,450,763	6,589,840
Iowa	1,643,405	2,054,123	2,276,229	5,973,757
Kansas	1,616,290	2,047,405	2,305,707	5,969,402
Kentucky	1,797,518	2,234,586	2,571,787	6,603,891
Louisiana	1,798,230	2,302,715	2,496,550	6,597,495
Maine	1,099,593	1,401,007	1,557,000	4,057,600
Maryland	1,099,593	1,401,007	1,557,000	4,057,600
Massachusetts	1,099,593	1,401,007	1,557,000	4,057,600
Michigan	4,070,093	5,133,207	5,835,904	15,039,204
Minnesota	4,149,901	5,152,126	5,629,292	14,931,319
Mississippi	1,578,260	1,966,252	2,160,074	5,704,586
Missouri	2,884,432	3,573,096	4,026,679	10,484,207
Montana	2,481,647	3,148,104	3,521,572	9,151,323
Nebraska	1,434,018	1,790,427	2,059,188	5,283,633
Nevada	1,713,753	2,196,369	2,396,720	6,306,842
New Hampshire	1,099,593	1,401,007	1,557,000	4,057,600
New Jersey	1,099,593	1,401,007	1,557,000	4,057,600
New Mexico	1,988,951	2,529,759	2,808,820	7,327,530
New York	2,670,345	3,462,477	3,941,435	10,074,257
North Carolina	1,531,778	2,026,655	2,262,806	5,821,239
North Dakota	1,227,394	1,533,027	1,690,810	4,451,231
Ohio	2,724,755	3,741,519	4,125,566	10,591,840
Oklahoma	2,163,618	2,708,112	2,911,709	7,783,439
Oregon	2,552,097	3,279,586	3,727,155	9,558,838
Pennsylvania	2,742,303	3,369,871	3,905,821	10,017,995

State	1986	1987	1988	Total
Rhode Island	1,099,593	1,401,007	1,557,000	4,057,600
South Carolina	1,232,474	1,599,288	1,761,906	4,593,668
South Dakota	1,309,513	1,661,278	1,893,314	4,864,105
Tennessee	1,981,098	2,604,560	2,769,007	7,354,665
Texas	5,497,965	7,005,035	7,785,000	20,288,000
Utah	1,848,443	2,333,597	2,607,026	6,789,066
Vermont	1,099,593	1,401,007	1,557,000	4,057,600
Virginia	1,617,701	2,113,122	2,440,799	6,171,622
Washington	2,545,887	3,213,651	3,526,831	9,286,369
West Virginia	1,099,593	1,401,007	1,557,000	4,057,600
Wisconsin	3,847,813	4,963,796	5,361,566	14,173,175
Wyoming	1,665,915	2,164,989	2,379,449	6,210,353
Puerto Rico	1,099,593	1,401,007	1,557,000	4,057,600
Guam	366,531	467,002	519,000	1,352,533
Virgin Islands	366,531	467,002	519,000	1,352,533
American Samoa	366,531	467,002	519,000	1,352,533
Mariana Islands	366,531	467,002	519,000	1,352,533
District of Columbia	366,531	467,002	519,000	1,352,533
Total	$109,959,300	$140,070,700	$155,700,000	$405,730,000

APPORTIONMENTS TO COASTAL STATES

FWS also experienced difficulties in calculating the share of apportionments to be allocated between freshwater and saltwater projects for 23 coastal states. The Sport Fish Restoration Act requires each coastal state to equitably divide the portion of apportionments derived from new trust fund revenue sources between freshwater and saltwater projects. FWS developed procedures to separately identify (1) the share of apportionments attributable to excise tax revenues from "old" fishing equipment items taxed before the Wallop-Breaux Trust Fund was established and (2) the share of apportionments attributable to "new" items taxed after the trust fund was established.[5] Revenue from old items was called "base" funding, while revenue from new items was called "expanded" funding. Coastal states allocated the base portion of their allotments to freshwater projects and divided the expanded portion between freshwater and saltwater projects on the basis of the state ratio of resident freshwater to saltwater anglers.

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[5]The sole source of funding before the trust fund was the 10-percent excise tax on certain sport fishing equipment. When the trust fund was established, the 10-percent excise tax was imposed on additional fishing equipment. Revenues from these additional items--plus excise taxes on electric trolling motors, sonar fishfinders, and motorboat fuels, and import duties on fishing tackle, yachts, and pleasure boats--are the "new" or expanded sources of revenue.

However, FWS officials said their estimates of old and new tax revenues on sport fishing equipment cannot be validated because IRS reports of revenue collections do not identify or distinguish between fishing equipment items taxed at 10 percent before and after the trust fund was established. FWS estimates were based on a projection of actual collections made prior to the trust fund. Some coastal states questioned FWS' estimates, believing estimates of revenue from new items were underestimated, and that these underestimates resulted in an inequitable increase in funding for freshwater projects over saltwater projects. For example, FWS estimated that for 1986 and 1987 apportionments, 89 percent of excise tax revenue from fishing equipment was attributable to old items taxed, and the remaining 11 percent to new items taxed. Responding to state concerns and the substantial growth of fishing equipment revenues since the trust fund was established, FWS revised its assumption for the 1988 apportionment to 68 and 32 percent, respectively. The new estimate, however, was to be used for 1 year only and reevaluated for future apportionments.

FWS officials acknowledged the problems in determining the actual amount of funding from old and expanded revenue sources and agreed that a permanent formula was needed. In testimony on the Sport Fish Restoration Account, we presented an option that would simplify apportionments by eliminating requirements to calculate base and expanded amounts of apportionments and would instead allocate entire apportionments on the basis of the number of freshwater and saltwater anglers residing in each state.[6] FWS identifies ratios of the numbers of freshwater to saltwater anglers in each coastal state in its "National Survey of Fishing, Hunting, and Wildlife-Associated Recreation." Using the most recent ratios available at the time, we calculated the amounts available for freshwater and saltwater projects from 1989 apportionment estimates. We compared these amounts with the amounts that would be available under the old method of allocating funding under base and expanded funds.

Under this option, our analysis showed that funding would be redistributed from freshwater to saltwater projects. For all coastal states, funding for freshwater projects would decline by $9 million from the old method of allocating funding, while funding for saltwater projects would increase by the same amount. The total amount of apportionment for each state, however, would not change. To overcome any possible inequities, we suggested that a safety valve mechanism be established so that states would not be severely affected by the loss in funding for freshwater projects.

P.L. 100-448 was enacted on September 28, 1988, amending the Sport Fish Restoration Act to require each coastal state to

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[6]Sport Fish Restoration Account (GAO/T-RCED-88-42, May 12, 1988).

allocate its entire apportionment between freshwater and saltwater projects on the basis of the number of freshwater and saltwater anglers within the state. In addition, the amendment would preserve 1988 funding levels for freshwater projects to ensure that amounts allocated by coastal states for such projects each fiscal year are no less than that allocated in 1988. Table 2.4 shows the estimated impact of the amendment on the distribution of 1989 funding for coastal states between freshwater and saltwater projects. Freshwater (FW) project funding for all coastal states would increase by about $4 million over 1988 levels, while saltwater (SW) project funding would increase by about $12 million.

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Table 2.4: Impact of Amendment on Fresh and Saltwater Allocation

State[a]	FW Ratio[b]	SW Ratio[b]	1988 Apportionment	1988 Base	1988 Expanded	1988 FW Allocation
Alabama	0.88	0.12	$ 2,619,150	$ 899,965	$ 1,719,185	$ 2,412,848
Alaska	0.60	0.40	7,785,000	2,675,000	5,110,000	5,741,000
California	0.68	0.32	7,785,000	2,675,000	5,110,000	6,149,800
Connecticut	0.64	0.36	1,557,000	535,000	1,022,000	1,189,080
Delaware	0.41	0.59	1,557,000	535,000	1,022,000	954,020
Florida	0.47	0.53	3,497,231	1,201,682	2,295,549	2,280,590
Georgia	0.91	0.09	3,147,865	1,081,636	2,066,229	2,961,904
Hawaii	0.10	0.90	1,557,000	535,000	1,022,000	637,200
Louisiana	0.82	0.18	2,496,550	857,838	1,638,712	2,201,582
Maine	0.78	0.22	1,557,000	535,000	1,022,000	1,332,160
Maryland	0.48	0.52	1,557,000	535,000	1,022,000	1,025,560
Massachusetts	0.53	0.47	1,557,000	535,000	1,022,000	1,076,660
Mississippi	0.90	0.10	2,160,074	742,222	1,417,852	2,018,289
New Hampshire	0.80	0.20	1,557,000	535,000	1,022,000	1,352,600
New Jersey	0.43	0.57	1,557,000	535,000	1,022,000	974,460
New York	0.58	0.42	3,941,435	1,354,315	2,587,120	2,854,845
N. Carolina	0.70	0.30	2,262,806	777,522	1,485,284	1,817,221
Oregon	0.78	0.22	3,727,155	1,280,686	2,446,469	3,188,932
Rhode Island	0.44	0.56	1,557,000	535,000	1,022,000	984,680
S. Carolina	0.68	0.32	1,761,906	605,408	1,156,498	1,391,827
Texas	0.71	0.29	7,785,000	2,675,000	5,110,000	6,303,100
Virginia	0.67	0.33	2,440,799	838,682	1,602,117	1,912,100
Washington	0.67	0.33	3,526,831	1,211,853	2,314,978	2,762,888
Total			$68,949,802	$23,691,809	$45,257,993	$53,523,345

[a] Puerto Rico, Guam, Virgin Islands, American Samoa, and Mariana Islands are not included in this analysis.

[b] Fresh and Saltwater ratios are from FWS' 1985 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation.

1988 SW Allocation	1989 Apportionment	1989 FW Allocation	1989 SW Allocation	Change FW	Change SW
$ 206,302	$ 3,916,137	$ 3,446,201	$ 469,935	$1,033,353	$ 263,634
2,044,000	9,500,000	5,741,000	3,759,000	0	1,715,000
1,635,200	9,500,000	6,460,000	3,040,000	310,200	1,404,800
367,920	1,900,000	1,216,000	684,000	26,920	316,080
602,980	1,900,000	954,020	954,980	0	352,000
1,216,641	4,267,655	2,280,590	1,987,065	0	770,424
185,961	3,841,326	3,495,607	345,719	533,703	159,759
919,800	1,900,000	637,200	1,262,800	0	343,000
294,968	3,046,528	2,498,153	548,375	296,571	253,407
224,840	1,900,000	1,482,000	418,000	149,840	193,160
531,440	1,900,000	1,025,560	874,440	0	343,000
480,340	1,900,000	1,076,660	823,340	0	343,000
141,785	2,635,929	2,372,336	263,593	354,047	121,808
204,400	1,900,000	1,520,000	380,000	167,400	175,600
582,540	1,900,000	974,460	925,540	0	343,000
1,086,590	4,809,715	2,854,845	1,954,870	0	868,280
445,585	2,761,292	1,932,904	828,388	115,684	332,802
538,223	4,548,231	3,547,620	1,000,611	358,688	462,388
572,320	1,900,000	984,680	915,320	0	343,000
370,079	2,150,046	1,462,031	688,015	70,205	317,935
1,481,900	9,500,000	6,745,000	2,755,000	441,900	1,273,100
528,699	2,978,495	1,995,592	982,903	83,491	454,205
763,943	4,303,776	2,883,530	1,420,246	120,642	656,303
$15,426,457	$84,859,130	$57,585,989	$27,282,142	$4,062,644	$11,855,685

SECTION 3

STATE SPENDING OF SPORT FISH RESTORATION ACCOUNT FUNDS

In six states, funds from the Sport Fish Restoration Account are being spent to continue and expand many projects started before the trust fund was established, as well as for some new research and development activities on sport fishery. In addition, increased spending required for boating access has produced changes in state spending patterns for boating access. Resumption of FWS annual reports on state spending should be helpful in showing trends and benefits of state restoration projects for sport fishing.

STATE SPENDING PATTERNS

The states have wide latitude in selecting projects to be financed with sport fish restoration funds. Almost any type of sport fishery restoration, management, or enhancement project is permissible, and, according to FWS, over 300 projects are funded each year. There are several categories of projects,[1] but most funds are obligated to research and development projects on sport fishery. Common research activities include development and analysis of new fishery techniques and long-term monitoring of fish populations. Fishery development activities include fish stocking, habitat improvements, and boating access facilities.

The six states we reviewed used sport fish restoration grants primarily to continue and expand projects started before the trust fund was started. The majority of both existing and new projects were for research and fishery development activities. Three states--California, Maryland, and Virginia--obligated a majority of their funding to research activities, while the other states--Minnesota, Nebraska, and New York--obligated most of their funding to development activities. Table 3.1 shows how much of the sport fish restoration funds the six states have obligated for research, development, and other purposes in 1987.

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[1]These categories include area and facilities managment, aquatic resources education, development, land acquisition, planning and administration, research, surveys and inventories, and technical guidance.

Table 3.1: Sport Fish Restoration Account Obligations For Selected States, Fiscal Year 1987

Categories	California[a]	Maryland[a]	Minnesota	Nebraska	New York[a]	Virginia
Research	4,843,500[b]	$462,523	$ 658,550	$ 376,145	$ 375,559	$1,269,646
Development	1,858,500	37,395	2,239,312	170,482	1,549,837	0
Boating access	570,000	56,736	407,250	804,270	393,530	276,535
Aquatic education	105,750	0	0	129,000	32,640	0
Land acquisition	0	0	397,260	54,300	0	488,065
Coordination	144,750	42,000	11,250	34,500	87,142	72,847
Technical assistance/ guidance	0	0	255,000	44,250	0	0
Planning	0	0	174,125	0	0	0
Hatcheries	0	60,000	0	0	0	0
Environmental review	0	93,750	0	0	0	0
Surveys	0	0	63,500	0	0	0
Capital outlays	184,500	0	0	0	0	0
Lake and stream activities	0	0	1,047,778	0	0	314,036
Total[c]	$7,707,000	$752,404	$5,254,026	$1,612,947	$2,438,708	$2,421,129

[a]Obligations for California, Maryland, and New York occurred during the state fiscal year.

[b]California divides obligations for research between applied and management research activities. It defines applied research as research that investigates a specific problem and reaches a result for practical application to sport fish enhancement activities. Management research is defined as long-term activities, such as fish population monitoring, providing technical assistance, and developing fisheries management plans.

[c]The totals indicate the total funds obligated for 1987 and cannot be compared with the state's 1987 apportionment, since prior-year funding could have been obligated during 1987.

Regarding the state spending requirement for boating access, the six states obligated 10 percent or more, as required. With respect to the state spending requirement for aquatic education, three states--California, Nebraska, and New York--obligated funding to aquatic education projects under the 10-percent maximum.[2] The remaining three states did not obligate any funding for aquatic education projects. Under the 10-percent minimum requirement for boating access, states can finance new development, repair, and maintenance of boating access facilities. A broad range of facilities can be constructed, such as boat ramps and lifts, docking facilities, fish-cleaning stations, and parking areas.

FWS headquarters officials told us that increased state spending required for boating access has put the FWS into the business of providing boating access to the public. Regional FWS officials said, however, that some states, such as Delaware, are or will soon become "saturated" with boating access sites because they have constructed all the required boating access sites. Such states are therefore spending their boating access funds entirely to maintain existing sites. These regional FWS officials suggested that the 10-percent requirement be eliminated. Other regional FWS officials told us there could be more flexibility for states having problems spending the required 10 percent.

Some FWS regional officials also raised questions about using boating access funds to build marinas. While a broad range of access facilities and associated amenities qualify for funding, FWS headquarters and one of its regional offices have disagreed about whether all marina construction projects provide benefits to the general fishing and boating public. For example, Michigan is using sport fish restoration funds to construct several large marinas. One approved marina will cost $1.3 million and will accommodate 70 boats ranging from 35 to 60 feet in length, provide cable television wire to each boat slip, and charge user fees. Regional officials maintained that the costs involved in constructing such marinas were very high relative to the benefit provided to the general public, and the extra amenities were unrelated to providing improved or safe access to public waters.

FWS regional officials also objected to the change in FWS policy regarding user fees collected at marinas. In the past, user fees collected under federal aid projects were retained by states for program use. In July 1988 FWS approved a new policy that allows states to use this revenue outside the program. FWS officials from three regional offices, however, told us user fee revenue should remain defined and accounted for as program income. They said that states could otherwise earn significant amounts of

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[2]Subjects covered under aquatic education projects would include aquatic ecology, aquatic resources management, aquatic safety, and conservation ethics.

revenue from federally funded marinas without having to account for or retain those revenues within the program.

FWS headquarters officials said they approved the marina construction projects because they are eligible activities under current guidance and legislation. They told us that the change in policy on user fees charged at sites such as marinas is consistent with regulations issued by the Office of Management and Budget relating to treatment of program income. They said they expect that states will use the revenues to operate and maintain the marinas.

OVERALL STATE SPENDING AND BENEFITS

State and FWS regional officials told us that funds provided for sport fish restoration have enabled states to initiate or continue many projects that could not otherwise be funded. They said, however, that more efforts should be made to increase public awareness of the benefits from sport fish restoration funds. While FWS regional offices work closely with states in evaluating these projects by reviewing annual and final reports for each project, monitoring project progress, and tracking expenditures, it is difficult to measure the effectiveness of state spending because of the broad range of projects. According to FWS officials, additional, and often immediate, benefits are apparent from fishery development activities, but research activities are an investment in the future and may take some time to show tangible benefits.

During our review, there was little information available regarding how all states were spending sport fish restoration grants and what benefits were being realized from funding. FWS had prepared annual reports that summarized state obligations, reversions, and unobligated balances, and described state projects. However, when we began our review, the latest report covered 1984, before the trust fund was established. FWS officials told us that annual reports for subsequent fiscal years were not promptly prepared because of difficulties in establishing a new centralized data management system. FWS issued the 1985 annual report in June 1988, and officials say the 1986 and 1987 reports are expected to be issued by the end of fiscal year 1988. FWS officials also said that they are examining alternative reporting formats to better provide information to the public on accomplishments and benefits from sport fish restoration spending.

SECTION 4

ADMINISTRATION AND SPENDING OF BOAT SAFETY ACCOUNT FUNDS

Between 1985 and 1988, the Congress appropriated about $160 million in Boat Safety Account funds for Coast Guard and state recreational boating safety programs. Most states, including those we contacted, spent funds largely to acquire and upgrade law enforcement equipment. The Coast Guard used its funds to offset a portion of its total cost of services to recreational boaters. Coast Guard oversight of state spending is limited to ministerial tasks associated with state applications and financial reporting, and available data on state spending are insufficient to determine how state spending has increased boating safety.

STATE EXPENDITURES

From 1985 through 1988, approximately $89 million was appropriated for state boating safety programs. All states received most of the funding to which they are entitled, but in 1987 six states did not request a total of $1,041,783 available to them. Coast Guard officials told us that these states have relatively small boating safety programs and cannot provide enough matching funds to justify their full allocation.[1] Nebraska officials, however, said that Coast Guard instructions on how to apply for some elements of grants were so confusing that they decided not to request the full allocation. Table 4.1 shows 1985-88 allocations for state recreational boating safety.

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[1]These states were Guam, Nebraska, New Mexico, South Dakota, Vermont, and Wyoming. According to Coast Guard officials, if states do not apply for their full allocation in a fiscal year, the funds remain in their state account for their use for 3 years before reverting back to the Coast Guard for reallocation to other state programs.

Table 4.1: State Recreational Boating Safety Allocations, 1985-88

State	Fiscal Years 1985-88				
	1985	1986	1987	1988	Total
Alabama	$ 285,199	$ 660,021	$ 603,553	$ 418,189	$ 1,966,962
American Samoa	80,899	172,869	172,893	120,990	547,651
Arizona	177,636	387,273	344,809	265,002	1,174,720
Arkansas	242,495	536,281	545,712	382,102	1,706,590
California	798,399	1,682,130	1,930,041	1,271,997	5,682,567
Colorado	124,502	271,691	275,974	193,614	865,781
Connecticut	169,501	350,394	336,426	258,047	1,114,368
Delaware	134,832	272,877	291,509	289,718	988,936
Dist. of Columbia	149,889	284,249	254,760	191,922	880,820
Florida	724,874	1,439,786	1,174,076	993,296	4,332,032
Georgia	277,666	607,125	632,228	444,630	1,961,649
Guam	0	0	0	121,381	121,381
Hawaii	144,487	321,305	329,273	230,633	1,025,698
Idaho	133,465	297,785	288,378	193,662	913,290
Illinois	238,330	510,415	549,944	360,992	1,659,681
Indiana	215,984	443,260	484,370	326,467	1,470,081
Iowa	247,894	484,736	505,178	329,246	1,567,054
Kansas	129,132	280,496	279,276	192,579	881,483
Kentucky	210,333	474,225	433,420	322,768	1,440,746
Louisiana	291,607	648,080	691,339	445,885	2,076,911
Maine	154,395	309,454	344,683	233,241	1,041,773
Maryland	720,783	1,358,420	1,557,758	1,100,081	4,737,042
Massachusetts	244,366	558,220	872,737	397,830	2,073,153
Michigan	558,485	1,215,350	1,113,456	797,279	3,684,570
Minnesota	518,640	1,069,185	1,066,761	743,933	3,398,519
Mississippi	218,090	425,681	461,922	315,322	1,421,015
Missouri	328,590	698,538	724,524	500,625	2,252,277
Montana	109,837	234,936	232,950	169,236	746,959
Nebraska	110,399	232,724	231,196	163,895	738,214
Nevada	113,427	262,347	248,005	191,115	814,894
New Hampshire	106,787	229,804	236,721	167,434	740,746
New Jersey	335,665	703,746	756,421	511,299	2,307,131
New Mexico	107,582	233,612	230,694	177,178	749,066
New York	307,467	947,557	1,018,957	702,898	2,976,879
North Carolina	225,517	477,883	498,536	368,152	1,570,088
North Dakota	102,271	210,357	213,982	156,595	683,205
Northern Marianas	80,928	172,979	173,358	121,327	548,592

State	1985	1986	1987	1988	Total
Ohio	470,360	1,013,735	1,088,427	676,116	3,248,638
Oklahoma	270,902	545,640	522,990	354,738	1,694,270
Oregon	203,765	436,773	442,960	338,454	1,421,952
Pennsylvania	313,334	726,693	680,880	433,841	2,154,748
Puerto Rico	108,449	215,221	225,532	167,273	716,475
Rhode Island	98,402	211,159	212,630	151,793	673,984
South Carolina	291,438	598,602	617,271	442,292	1,949,603
South Dakota	99,745	215,002	220,739	152,527	688,013
Tennessee	209,708	467,556	427,976	306,176	1,411,416
Texas	603,075	1,305,017	1,199,149	832,590	3,939,831
Utah	136,846	286,850	308,774	220,051	952,521
Vermont	99,128	217,448	0	154,395	470,971
Virgin Islands	87,578	186,881	175,432	122,843	572,734
Virginia	243,787	417,510	427,686	310,318	1,399,301
Washington	168,162	472,885	352,707	251,960	1,245,714
West Virginia	118,799	226,137	230,371	164,316	739,623
Wisconsin	365,556	779,879	777,400	553,848	2,476,683
Wyoming	90,611	203,471	202,626	143,409	640,117
Total	$13,099,998	$27,992,250	$28,219,370	$19,947,500	$89,259,118

States used federal grants primarily to purchase equipment and supplies for law enforcement and boating safety education, according to the information we collected from boating safety officials in 6 states and 51 state responses to a questionnaire sponsored by the Coast Guard and the National Association of State Boating Law Administrators. For example, responses to the questionnaire showed that states reported spending about $24 million of Boat Safety Account funds in 1987, with 42 percent for equipment and supplies, 16 percent for safety inspections and marine casualty investigations, 12 percent for boating access, 9 percent for education, and the remaining 21 percent for other purposes.

Boating safety officials from the six states included in our review said that they used federal funds mainly to replace worn or outdated boats, motors, and other law enforcement equipment. For example, both California and New York used federal funds to supplement their state grants to local law enforcement units for equipment purchases. Officials in those states said they concentrated on equipment because (1) it was administratively easier to buy equipment with federal funds than with state funds and (2) it would be easier to deal with a potential reduction in available federal funding by postponing equipment purchases rather than by laying off personnel.

Two states we visited--California and Minnesota--spent a large proportion of Boat Safety Account funds to improve public access sites for boating. The acquisition, construction, and repair of public access site facilities used primarily by recreational boaters are allowable expenditures of federal funds provided for state recreational boating safety programs. California and Minnesota boating officials, however, told us that there was little guidance regarding use of 1985-87 funding for public access. In 1987 the Coast Guard announced that Boating Safety Account funds for 1988 public access projects would be withheld unless states could demonstrate that a particular site directly enhances and contributes toward boating safety. Coast Guard officials told us all states that applied to use 1988 funds for public access complied with this new requirement, and no applications were disapproved.[2]

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[2]In House Report 100-786, July 26, 1988, the Committee on Merchant Marine and Fisheries reported that the Coast Guard requirement that boating access projects be directly related to improved boating safety is contrary to the original intent of the Congress. The Committee stated that the Coast Guard is prohibited from requiring states to explicitly link boating access projects to recreational boating safety because improved boating safety is inherent in these projects.

In December 1987, the Coast Guard and FWS also entered into an agreement whereby FWS will visit selected state public access sites to inspect completed work funded by federal grants. In exchange, the Coast Guard will provide boat safety educational materials to angler and hunter education programs and provide boat safety training to FWS personnel.

COAST GUARD EXPENDITURES

From 1985 to 1988, $70 million was appropriated from the trust fund to the Coast Guard for recreational boating safety. The Coast Guard used the funding to offset its operating expenses. It is not required to allocate this funding directly to the recreational boating safety program. According to the Coast Guard, funding that it received annually from the Boat Safety Account represented only a fraction of the more than $200 million a year it spends on services to recreational boaters. Such services include search and rescue and short-range aids to navigation.

The Coast Guard is also authorized to retain between 1 and 2 percent of the amount available for state grants each year to administer the program. The Coast Guard retained the maximum 2 percent, or $600,000 in 1987 and $427,500 in 1988. The Coast Guard also used these funds to offset its ongoing expenses rather than undertake new initiatives or hire additional staff to administer the program. Table 4.2 shows Coast Guard estimates of 1987 administrative costs for the recreational boating safety program.

Table 4.2: Coast Guard Estimates of Administrative Costs for the Recreational Boating Safety Program, 1987

Programs and staff	Costs
State financial assistance funds and nonprofit grants	$204,000
Administration of the National Boating Safety Advisory Council, including one-third full-time employee, travel, and meeting sites support	52,000
National Boating Safety Course for state personnel, including two full-time employees, lecturer travel, and Reserve Training Center support	111,000
Education support, including one full-time employee, pamphlets, public service TV/radio announcements, films, and other information	161,000
Coast Guard District state liaison activities	72,000
Total	$600,000

Source: U.S. Coast Guard.

COAST GUARD OVERSIGHT OF STATE ACTVIITIES

At Coast Guard headquarters, two persons have direct responsibility for administering the boating safety program and overseeing related state activities. Oversight of state spending has been limited to ministerial tasks, such as reviewing state applications and quarterly financial reports. The two Coast Guard officials told us their time is fully occupied by these activities, and they do not attempt to determine how effectively states are spending federal grants. They also acknowledged that the Coast Guard does not have sufficient information on how well states are using federal funds for boating safety. For example, they did not have information on particularly worthwhile state education programs that other states could implement or information on whether equipment acquired through state grants was being used only for recreational boating safety programs.

In 1985, a Coast Guard study concluded that information is not sufficient to show whether a relationship exists between state program budgets and boating fatalities. Once boating population and program size were taken into account, available data showed virtually no direct relationships between the number of boating deaths and either the share of federal funding or the percentage spent on enforcement, education, and administration.

Similarly, in an earlier report,[3] we concluded that the Coast Guard did not have sufficient information to evaluate the effectiveness of state boating programs and recommended that more productive use be made of existing information sources in getting more meaningful and useful data on state spending. At that time, we suggested that one alternative would be to conduct in-depth evaluations of selected state boating programs to determine which states are doing the more effective jobs and why. While the Coast Guard had no objections to our suggested alternative, it stated that staffing limitations hindered them from performing in-depth evaluations, and it consequently took no action on our recommendation. During our review, Coast Guard officials reiterated these limitations. The Committee on Merchant Marine and Fisheries, however, in House Report 100-786, encouraged the Coast Guard to use amounts it takes from state grants to administer the program to hire at least four additional personnel to help administer the state program and determine the effectiveness of state spending in improving recreational boating safety. With this additional staff, we believe that our earlier recommendation could be implemented.

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[3]Department of Transportation: Enhancing Policy and Program Effectiveness Through Improved Management (GAO/RCED-87-3S, July 1987).

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